

ANNUAL FINANCIAL REPORT

of the

CITY OF DICKINSON, TEXAS

For the Year Ended
September 30, 2015

(This page intentionally left blank.)

CITY OF DICKINSON, TEXAS

TABLE OF CONTENTS

September 30, 2015

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Principal Officials	2
Organization Chart	5
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	9
Management's Discussion and Analysis (Required Supplementary Information)	15
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Position	25
Statement of Activities	26
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	28
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Proprietary Funds Financial Statements	
Statement of Net Position	37
Statement of Revenues, Expenses, and Changes in Fund Net Position	39
Statement of Cash Flows	41
Discretely Presented Component Units Financial Statements	
Statement of Net Position	43
Statement of Activities	44
Notes to Financial Statements	47
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund (Budget Basis)	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Street Maintenance Fund	81
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	82

CITY OF DICKINSON, TEXAS

TABLE OF CONTENTS (Continued)

September 30, 2015

<u>REQUIRED SUPPLEMENTARY INFORMATION (Continued)</u>	<u>Page</u>
Schedule of the City's Proportionate Share of the Net Pension Liability – Texas Emergency Services Retirement System	83
Schedule of Contributions – Texas Municipal Retirement System	84
Schedule of Contributions – Texas Emergency Services Retirement System	85
 <u>SUPPLEMENTARY INFORMATION</u>	
Combining and Individual Fund Statements and Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	89
Combining Balance Sheet – Nonmajor Governmental Funds	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	94
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual -	
Nonmajor Special Revenue Funds:	
Special Revenue and Grants	98
VOCA	99
COPS 2010	99
Bayou Lakes Public Improvement District No. 1	100
Federal Seized Funds	100
Library Impact Grant	101
Combining Statement of Net Position – Internal Service Funds	103
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	104
Combining Statement of Cash Flows – Internal Service Funds	105

INTRODUCTORY SECTION

CITY OF DICKINSON, TEXAS

PRINCIPAL OFFICIALS

September 30, 2015



City Council

Julie Masters	Mayor
Charles Suderman	Position No. 1
Bruce Henderson	Position No. 2
Walter Wilson	Position No. 3
Wally Deats	Position No. 4 (Mayor Pro Tem)
Louis Decker	Position No. 5
William King III	Position No. 6

CITY OF DICKINSON, TEXAS

PRINCIPAL OFFICIALS (Continued)

September 30, 2015

Elected Officials	Position	Term Expires
Julie Masters	Mayor	05/2017
Charles Suderman	Council Member – Position 1	05/2017
Bruce Henderson	Council Member – Position 2	05/2016
Walter Wilson	Council Member – Position 3	05/2017
Wally Deats	Council Member – Position 4/ Mayor Pro Tem	05/2016
Louis Decker	Council Member – Position 5	05/2017
William King, III	Council Member – Position 6	05/2016

Appointed Officials	Position
Julie M. Robinson	City Administrator
Carolyn E. Anderson	City Secretary
Olson and Olson	City Attorney
Richard Cope	Municipal Court Judge
Ellis Ortego	Prosecuting Attorney
Ron Morales	Chief of Police

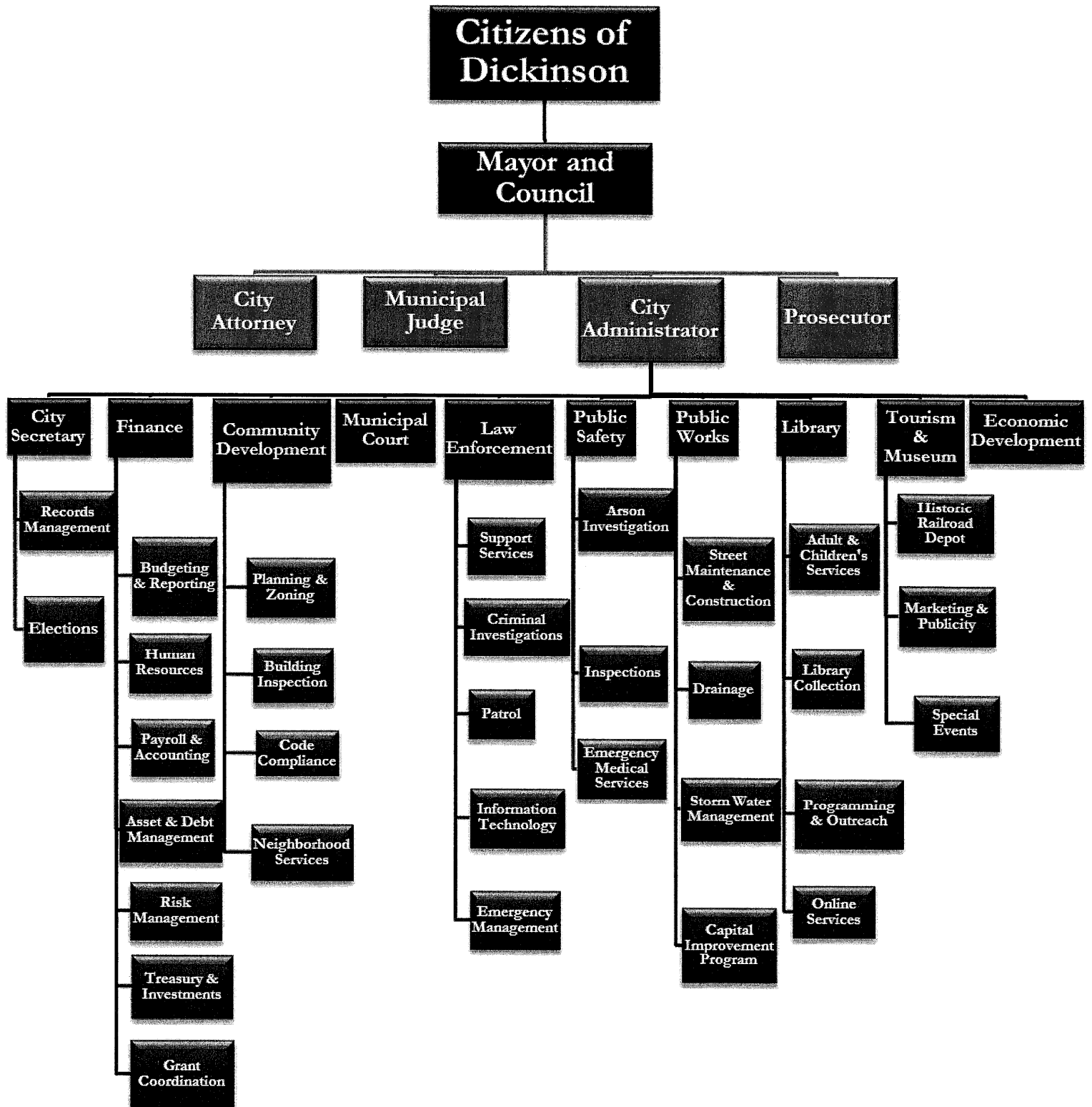
City Management	Position
Stephanie Russell	Administrative Services Manager
Lee Darrow	Fire Marshal
Zachary Meadows	Director of Community Development
Irma Rivera	Court Administrator
Kellis George	Director of Public Works
Derek Hunt	Emergency Medical Services Director
Vicki McAllister	Library Director

(This page intentionally left blank.)

CITY OF DICKINSON, TEXAS

ORGANIZATION CHART

September 30, 2015



(This page intentionally left blank.)

FINANCIAL SECTION

(This page intentionally left blank.)



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Dickinson, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dickinson, Texas (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Partners

Robert Belt, CPA
Stephanie E. Harris, CPA
Nathan Krupke, CPA

Houston

3210 Bingle Rd., Ste. 300
Houston, TX 77055
713.263.1123

Bellville

P.O. Box 826
Bellville, TX 77418
713.263.1123

Austin

100 Congress Ave., Ste. 2000
Austin, TX 78701
512.381.0222

All Offices

www.texasauditors.com
info@txauditors.com
713.263.1550 fax



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

In 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of the City's proportionate share of the net pension liability, and the schedules of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining and individual fund statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 31, 2016

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

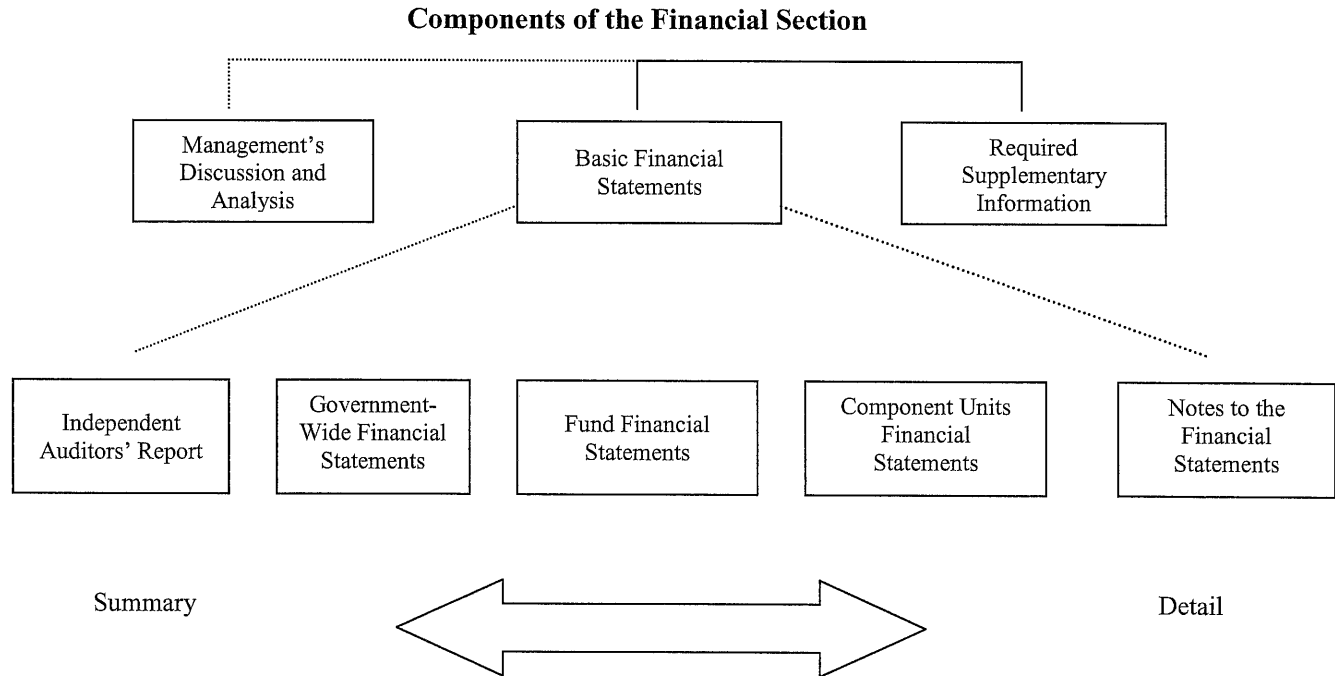
CITY OF DICKINSON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2015

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Dickinson, Texas (the "City") for the year ended September 30, 2015. The analysis is based on currently known facts, decisions, or economic conditions. It presents short- and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows using the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here including general government, public safety, public works, culture and recreation, economic development, and community development. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's drainage services.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation, Dickinson Economic Development Corporation; a legally separate management district, Dickinson Management District No. 1, for which the City is financially accountable; and a legally separate corporation, the Dickinson Education Finance Corporation. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Bayou Lakes Public Improvement District No. 1, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

The City maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, street maintenance fund, and the CDBG disaster recovery fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general, street maintenance, debt service, special revenue and grants, VOCA, COPS 2010, Bayou Lakes Public Improvement District No. 1, federal seized funds, and the library impact grant funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two types of proprietary funds, enterprise funds and internal service funds. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for its municipal drainage utility fund. The proprietary fund financial statements provide separate information for the municipal drainage utility operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

An internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service funds to account for an employee benefit program and building maintenance costs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Component Units Combining Financial Statements

The City's three discretely presented component units shown in aggregate on the face of the government-wide financial statements have individual information for each of the discretely presented component units presented in the form of combining statements immediately following the fund financial statements of the primary government.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to MD&A, basic financial statements, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes budgetary comparison schedules for the general fund and street maintenance fund, schedule of changes in net pension liability and related ratios, schedule of the City's proportionate share of the net pension liability, and the schedules of contributions. RSI can be found after the notes to the basic financial statements.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$33,123,205 as of year end for the primary government.

The largest portion of the City's net position, 73 percent, reflects its investments in capital assets (e.g., land, construction in progress, buildings and improvements, vehicles and heavy equipment, furniture and fixtures, and infrastructure) less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 12,052,762	\$ 9,131,826	\$ 509,394	\$ 371,073	\$ 12,562,156	\$ 9,502,899
Capital assets, net	34,043,581	29,931,117	-	-	34,043,581	29,931,117
Total Assets	46,096,343	39,062,943	509,394	371,073	46,605,737	39,434,016
Deferred charge on refunding	122,864	133,103	-	-	122,864	133,103
Deferred outflows of resources - pensions	399,226	266,406	11,800	7,658	411,026	274,064
Total Deferred Outflows of Resources	522,090	399,509	11,800	7,658	533,890	407,167
Long-term liabilities	10,524,936	11,119,084	13,537	11,803	10,538,473	11,130,887
Other liabilities	3,204,985	1,899,637	106,747	11,430	3,311,732	1,911,067
Total Liabilities	13,729,921	13,018,721	120,284	23,233	13,850,205	13,041,954
Deferred inflows of resources - pensions	161,814	-	4,403	-	166,217	-
Total Deferred Inflows of Resources	161,814	-	4,403	-	166,217	-
Net Position:						
Net investment in capital assets	24,180,839	19,514,166	-	-	24,180,839	19,514,166
Restricted	2,958,838	2,633,583	-	-	2,958,838	2,633,583
Unrestricted	5,587,021	4,295,982	396,507	355,498	5,983,528	4,651,480
Total Net Position	\$ 32,726,698	\$ 26,443,731	\$ 396,507	\$ 355,498	\$ 33,123,205	\$ 26,799,229

A portion of the primary government's net position, \$2,958,838 or nine percent, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, \$5,983,528, may be used to meet the City's ongoing obligation to citizens and creditors. The overall condition of the City improved this year as total net position increased by \$6,323,976.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Statement of Activities:

The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 2,702,757	\$ 3,255,810	\$ 343,893	\$ 353,646	\$ 3,046,650	\$ 3,609,456
Operating grants and contributions	1,495,011	1,394,211	-	-	1,495,011	1,394,211
Capital grants and contributions	7,165,582	1,518,245	-	-	7,165,582	1,518,245
General revenues:						
Property taxes	3,384,820	3,302,578	-	-	3,384,820	3,302,578
Sales taxes	7,144,232	6,655,949	-	-	7,144,232	6,655,949
Other taxes	1,071,698	1,056,955	-	-	1,071,698	1,056,955
Investment earnings	8,962	6,022	-	-	8,962	6,022
Other revenues	320,286	178,154	-	-	320,286	178,154
Gain on sale of capital assets	34,960	-	-	-	34,960	-
Total Revenues	23,328,308	17,367,924	343,893	353,646	23,672,201	17,721,570
Expenses						
General government	2,353,764	2,732,067	-	-	2,353,764	2,732,067
Public safety	5,336,690	4,953,285	-	-	5,336,690	4,953,285
Public works	4,546,608	3,315,271	-	-	4,546,608	3,315,271
Culture and recreation	627,047	416,483	-	-	627,047	416,483
Community development	416,502	528,360	-	-	416,502	528,360
Economic development	3,459,403	3,225,317	-	-	3,459,403	3,225,317
Interest on long-term debt	305,327	554,940	-	-	305,327	554,940
Municipal drainage utility	-	-	302,884	305,619	302,884	305,619
Total Expenses	17,045,341	15,725,723	302,884	305,619	17,348,225	16,031,342
Increase in Net Position Before Transfers	6,282,967	1,642,201	41,009	48,027	6,323,976	1,690,228
Transfers in (out)	-	45,000	-	(45,000)	-	-
Change in Net Position	6,282,967	1,687,201	41,009	3,027	6,323,976	1,690,228
Beginning net position	26,443,731	24,756,530	355,498	352,471	26,799,229	25,109,001
Ending Net Position	\$ 32,726,698	\$ 26,443,731	\$ 396,507	\$ 355,498	\$ 33,123,205	\$ 26,799,229

For the year ended, revenues from governmental activities totaled \$23,328,308. Revenues increased by 34 percent during the year mainly due to an increase in capital grants and contributions related to CDBG grant projects, an increase in sales tax revenues from improved economic conditions within the City, and an increase in proceeds from the Red, White, and Bayou festival.

For the year ended, expenses for governmental activities totaled \$17,045,341. The total expenses increased by 8.39 percent from the prior year. This increase can be attributed to an increase in CDBG grant projects related to a pass-through entity, an increase in culture and recreation expenses related to the Red, White, and Bayou festival, an increase in personnel costs, and an increase in economic development grant expenses.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Business-type activities net position increased by \$41,009, an increase of \$37,982 compared to the prior year change in net position. This increase in net position is mainly due to a prior year transfer to other funds. Revenues and expenses were comparable to prior year balances decreasing \$9,753 and \$2,735, respectively.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$8,204,207. Of this, \$3,558 is restricted for debt service, \$256,914 is restricted for enabling legislation, \$2,698,366 is restricted for capital projects, \$680,425 is assigned, and \$4,417,515 is unassigned.

The general fund had an increase in fund balance of \$1,180,606 for the year. Revenues decreased \$18,478 compared to the prior year. This decrease was largely attributable to a library donation received in the prior year and the City no longer collecting refuse billings. The prior refuse contract expired during the fiscal year. All refuse services are provided by a third-party from whom the City receives franchise payments. These decreases in revenues were partially offset by an increase in property taxes from an increase in the assessed values of properties, an increase in sales tax collections from improved economic conditions within the City, and an increase in court fines related to an increase in citations issued. Expenditures decreased \$574,085 compared to the prior year due largely to real property acquired in the prior year and the City transitioning refuse collection services to an outside party during the fiscal year. These decreases in expenditures were partially offset by increases in personnel costs, economic incentive payments, contracts services, and equipment purchased. Ending fund balance as a percentage of total expenditures was 44.54 percent as of fiscal year end. Unassigned fund balance as a percentage of total expenditures was 37.52 percent as of fiscal year end.

The debt service fund had a decrease in fund balance of \$16,616 as a result of debt service payments in excess of property tax revenues and contributions.

The street maintenance fund had an increase in fund balance of \$424,092. This increase is due to an increase in sales tax revenues and a transfer in from another fund to fund a street project.

The CDBG disaster recovery fund is a grant fund which recognizes revenues and expenditures as incurred. As a result, this fund will have minimal or zero change in fund balance from year to year.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgeted revenues exceeded actual revenues by \$2,565,442 during the year mainly due to lower than expected sales tax revenues. General fund actual expenditures were lower than the final budgeted expenditures by \$3,085,848 mainly due to lower economic development expenditures and law enforcement expenditures than originally anticipated.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

CAPITAL ASSETS

At the end of the year, the City's governmental activities funds had invested \$34,043,581 in a variety of capital assets. This represents a net increase of \$4,112,464.

Major capital asset events during the current year include the following:

- 18 street construction projects totaling \$5,256,612.
- CDBG construction projects totaling \$4,177,355.
- Purchase of an excavator totaling \$191,819.

More detailed information about the City's capital assets is presented in note III. C. to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total certificates of obligation and general obligation bonds of \$9,505,000. Of this amount, \$1,055,000 represents certificates of obligation and \$8,450,000 represents general obligation bonds. The City had a capital lease total of \$204,802 at the end of the current year.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Dickinson City Council approved a \$12,003,155 general fund budget for the 2015-2016 fiscal year. This is a one percent increase from the prior year amended budget. The total tax rate adopted for the fiscal year 2015-2016 budget will remain unchanged at \$0.40861.

The Council approved an \$872,490 debt service budget for the 2015-2016 fiscal year. This is a six percent increase from the prior year. Budgeted property tax receipts comprise 80 percent of all debt service fund revenue. The fiscal year 2015-2016 debt service tax rate did not increase from the prior year.

Enterprise fund expenses are budgeted at \$406,223 for the fiscal year 2015-2016, a decrease of \$15,615 from the prior year amended budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Administrator at City of Dickinson, 4403 Highway 3, Dickinson, Texas 77539.

(This page intentionally left blank.)

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank.)

CITY OF DICKINSON, TEXAS

STATEMENT OF NET POSITION

September 30, 2015

Primary Government

	Governmental Activities	Business-Type Activities	Total	Component Units
<u>Assets</u>				
Cash and cash equivalents	\$ 7,742,076	\$ 429,044	\$ 8,171,120	\$ 1,351,570
Investments	516,170	-	516,170	500,000
Receivables, net	3,646,797	80,476	3,727,273	760,492
Internal balances	126	(126)	-	-
Due from component unit	164	-	164	-
Due from primary government	-	-	-	141
Prepaid items	147,429	-	147,429	9,104
	<u>12,052,762</u>	<u>509,394</u>	<u>12,562,156</u>	<u>2,621,307</u>
Capital assets:				
Non-depreciable	6,521,002	-	6,521,002	4,321,813
Net depreciable	27,522,579	-	27,522,579	26,285
	<u>34,043,581</u>	<u>-</u>	<u>34,043,581</u>	<u>4,348,098</u>
Total Assets	<u>46,096,343</u>	<u>509,394</u>	<u>46,605,737</u>	<u>6,969,405</u>
<u>Deferred Outflows of Resources</u>				
Deferred charge on refunding	122,864	-	122,864	-
Deferred outflows - pensions	399,226	11,800	411,026	-
Total Deferred Outflows of Resources	<u>522,090</u>	<u>11,800</u>	<u>533,890</u>	<u>-</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	3,182,362	11,710	3,194,072	342,343
Accrued interest payable	22,482	-	22,482	-
Unearned revenues	-	95,037	95,037	-
Due to component unit	141	-	141	-
Due to other governments	-	-	-	26,027
Due to primary government	-	-	-	164
	<u>3,204,985</u>	<u>106,747</u>	<u>3,311,732</u>	<u>368,534</u>
Noncurrent liabilities:				
Due to other governments	-	-	-	234,247
Long-term liabilities due within one year	873,418	3,291	876,709	159,434
Long-term liabilities due in more than one year	9,651,518	10,246	9,661,764	1,408,151
	<u>10,524,936</u>	<u>13,537</u>	<u>10,538,473</u>	<u>1,801,832</u>
Total Liabilities	<u>13,729,921</u>	<u>120,284</u>	<u>13,850,205</u>	<u>2,170,366</u>
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	161,814	4,403	166,217	-
<u>Net Position</u>				
Net investment in capital assets	24,180,839	-	24,180,839	1,567,585
Restricted for:				
Debt service	3,558	-	3,558	-
Enabling legislation	256,914	-	256,914	-
Capital projects	2,698,366	-	2,698,366	-
Economic development	-	-	-	3,231,454
Unrestricted	5,587,021	396,507	5,983,528	-
Total Net Position	<u>\$ 32,726,698</u>	<u>\$ 396,507</u>	<u>\$ 33,123,205</u>	<u>\$ 4,799,039</u>

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,353,764	\$ 1,125,531	\$ 1,391,280	\$ -
Public safety	5,336,690	952,827	90,075	-
Public works	4,546,608	624,399	-	7,165,582
Culture and recreation	627,047	-	13,656	-
Community development	416,502	-	-	-
Economic development	3,459,403	-	-	-
Interest and fiscal agent fees on long-term debt	305,327	-	-	-
Total Governmental Activities	<u>17,045,341</u>	<u>2,702,757</u>	<u>1,495,011</u>	<u>7,165,582</u>
Business-Type Activities				
Municipal drainage utility	302,884	343,893	-	-
Total Business-Type Activities	<u>302,884</u>	<u>343,893</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 17,348,225</u>	<u>\$ 3,046,650</u>	<u>\$ 1,495,011</u>	<u>\$ 7,165,582</u>
Component Units				
Dickinson Economic Development Corp.	\$ 1,309,012	\$ 7,005	\$ -	\$ -
Dickinson Management District No. 1	2,622,013	-	-	-
Total Component Units	<u>\$ 3,931,025</u>	<u>\$ 7,005</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes
 Property taxes
 Sales taxes
 Other taxes
 Investment earnings
 Other revenues
 Gain on sale of assets

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ 163,047	\$ -	\$ 163,047	\$ -
(4,293,788)	-	(4,293,788)	-
3,243,373	-	3,243,373	-
(613,391)	-	(613,391)	-
(416,502)	-	(416,502)	-
(3,459,403)	-	(3,459,403)	-
(305,327)	-	(305,327)	-
(5,681,991)	-	(5,681,991)	-
-	41,009	41,009	-
-	41,009	41,009	-
(5,681,991)	41,009	(5,640,982)	-
-	-	-	(1,302,007)
-	-	-	(2,622,013)
-	-	-	(3,924,020)
3,384,820	-	3,384,820	-
7,144,232	-	7,144,232	4,223,615
1,071,698	-	1,071,698	-
8,962	-	8,962	2,464
320,286	-	320,286	-
34,960	-	34,960	-
11,964,958	-	11,964,958	4,226,079
6,282,967	41,009	6,323,976	302,059
26,443,731	355,498	26,799,229	4,496,980
<u>\$ 32,726,698</u>	<u>\$ 396,507</u>	<u>\$ 33,123,205</u>	<u>\$ 4,799,039</u>

CITY OF DICKINSON, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2015

	General	Debt Service	Street Maintenance	CDBG Disaster Recovery
<u>Assets</u>				
Cash and cash equivalents	\$ 4,389,445	\$ 210	\$ 1,941,936	\$ -
Investments	516,170	-	-	-
Receivables, net	1,671,012	50,791	255,156	1,628,813
Due from other funds	103,622	3,315	131,478	-
Due from component unit	164	-	-	-
Prepaid items	147,429	-	-	-
Total Assets	<u>\$ 6,827,842</u>	<u>\$ 54,316</u>	<u>\$ 2,328,570</u>	<u>\$ 1,628,813</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 1,221,575	\$ -	\$ 228,149	\$ 1,609,351
Due to other funds	137,065	-	-	19,462
Due to component unit	141	-	-	-
Total Liabilities	<u>1,358,781</u>	<u>-</u>	<u>228,149</u>	<u>1,628,813</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	195,131	50,758	-	-
Unavailable revenue - emergency medical services	24,894	-	-	-
Total Deferred Inflows of Resources	<u>220,025</u>	<u>50,758</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>				
Nonspendable:				
Prepays	147,429	-	-	-
Assigned:				
Capital projects	262,000	-	-	-
Library reserve	138,582	-	-	-
Disaster	227,382	-	-	-
Tree replacements	6,200	-	-	-
Red, White, and Bayou Festival	46,261	-	-	-
Restricted for:				
Debt service	-	3,558	-	-
Enabling legislation	-	-	-	-
Capital projects	-	-	2,100,421	-
Unassigned	4,421,182	-	-	-
Total Fund Balances	<u>5,249,036</u>	<u>3,558</u>	<u>2,100,421</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,802,948</u>	<u>\$ 54,316</u>	<u>\$ 2,328,570</u>	<u>\$ 1,628,813</u>

See Notes to Financial Statements.

Nonmajor Governmental	Total Governmental Funds
\$ 1,015,216	\$ 7,346,807
-	516,170
41,025	3,646,797
2,398	240,813
-	164
-	147,429
<u>\$ 1,058,639</u>	<u>\$ 11,898,180</u>

\$ 123,287	\$ 3,182,362
84,160	240,687
-	141
<u>207,447</u>	<u>3,423,190</u>

-	245,889
-	24,894
<u>-</u>	<u>270,783</u>

-	147,429
-	262,000
-	138,582
-	227,382
-	6,200
-	46,261
-	3,558
256,914	256,914
597,945	2,698,366
(3,667)	4,417,515
<u>851,192</u>	<u>\$ 8,204,207</u>

<u>\$ 1,058,639</u>	<u>\$ 11,873,286</u>
---------------------	----------------------

(This page intentionally left blank.)

CITY OF DICKINSON, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2015

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - total governmental funds	\$ 8,204,207
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in governmental funds.	
Capital assets, non-depreciable	6,521,002
Capital assets, net depreciable	27,522,579
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	270,783
Internal service funds are used by management to charge costs of insurance and facility maintenance to individual funds. The assets of the internal service fund are included in the governmental activities in the Statement of Net Position.	395,269
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Accrued interest payable	(22,482)
Deferred charge on refunding	122,864
Deferred outflows of resources - pensions (TMRS)	379,646
Deferred outflows of resources - pensions (TESRS)	19,580
Deferred inflows of resources - pensions (TMRS)	(141,676)
Deferred inflows of resources - pensions (TESRS)	(20,138)
Non-current liabilities due in one year	(873,418)
Non-current liabilities due in more than one year	(9,651,518)
	<hr/>
Net Position of Governmental Activities	\$ 32,726,698

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

	General	Debt Service	Street Maintenance	CDBG Disaster Recovery
<u>Revenues</u>				
Property taxes	\$ 2,731,073	\$ 652,926	\$ -	\$ -
Sales taxes	5,715,422	-	1,428,810	-
Special assessments	-	-	-	-
Franchise fees	984,180	-	-	-
Other taxes	87,518	-	-	-
Licenses and permits	352,682	-	-	-
Fines and forfeitures	908,925	-	-	-
Charges for services	1,118,010	-	-	-
Intergovernmental	963,610	-	-	7,165,582
Contributions	-	149,670	-	-
Investment earnings	6,030	159	2,229	-
Other revenues	320,286	-	-	-
Total Revenues	13,187,736	802,755	1,431,039	7,165,582
<u>Expenditures</u>				
Current:				
General government	1,911,275	-	-	-
Public safety	4,750,006	-	-	-
Public works	637,720	-	1,106,947	7,154,517
Culture and recreation	615,749	-	-	-
Community development	409,776	-	-	-
Economic development	3,459,403	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	505,000	-	-
Interest and fiscal charges	-	314,371	-	-
Total Expenditures	11,783,929	819,371	1,106,947	7,154,517
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,403,807	(16,616)	324,092	11,065
<u>Other Financing Sources (Uses)</u>				
Transfers in	36,941	-	100,000	-
Transfers (out)	(260,142)	-	-	(11,065)
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	(223,201)	-	100,000	(11,065)
Net Change in Fund Balances	1,180,606	(16,616)	424,092	-
Beginning fund balances	4,068,430	20,174	1,676,329	-
Ending Fund Balances	\$ 5,249,036	\$ 3,558	\$ 2,100,421	\$ -

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 3,383,999
-	7,144,232
271,717	271,717
-	984,180
-	87,518
-	352,682
43,902	952,827
-	1,118,010
375,001	8,504,193
-	149,670
533	8,951
-	320,286
<u>691,153</u>	<u>23,278,265</u>
275,884	2,187,159
293,897	5,043,903
-	8,899,184
-	615,749
-	409,776
-	3,459,403
242,861	242,861
36,922	541,922
8,412	322,783
<u>857,976</u>	<u>21,722,740</u>
<u>(166,823)</u>	<u>1,555,525</u>
641,934	778,875
(649,392)	(920,599)
85,511	85,511
<u>78,053</u>	<u>(56,213)</u>
(88,770)	1,499,312
939,962	6,704,895
<u>\$ 851,192</u>	<u>\$ 8,204,207</u>

(This page intentionally left blank.)

CITY OF DICKINSON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$ 1,499,312
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	5,554,304
Depreciation expense	(1,391,289)
The Statement of Activities reports losses arising from the trade-in or sale of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gains or loss on trade-ins or sales of capital assets.	(50,551)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	8,342
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Principal expenditures	541,922
Amortization of deferred amounts	2,048
Accrued interest	15,408
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(48,900)
Deferred outflows of resources - pensions (TMRS)	133,260
Deferred outflows of resources - pensions (TESRS)	(440)
Deferred inflows of resources - pensions (TMRS)	(141,676)
Deferred inflows of resources - pensions (TESRS)	(20,138)
Net pension liability	95,108
Internal service funds are used by management to charge the costs of insurance and facility maintenance to individual funds. The net revenue is reported with governmental activities.	86,257
Change in Net Position of Governmental Activities	\$ 6,282,967

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF DICKINSON, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2015

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Municipal Drainage Utility</u>	<u>Internal Service</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 429,044	\$ 395,269
Receivables, net	80,476	-
Total Assets	<u>509,520</u>	<u>395,269</u>
<u>Deferred Outflows of Resources</u>		
Deferred outflows of resources - pensions	11,800	-
Total Deferred Outflows of Resources	<u>11,800</u>	<u>-</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	11,710	-
Due to other funds	126	-
Unearned revenues	95,037	
Compensated absences due in one year	3,291	-
Total Current Liabilities	<u>110,164</u>	<u>-</u>
Noncurrent liabilities:		
Compensated absences	365	-
Net pension liability	9,881	-
Total Noncurrent Liabilities	<u>10,246</u>	<u>-</u>
Total Liabilities	<u>120,410</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>		
Deferred inflows of resources - pensions	4,403	-
Total Deferred Inflows of Resources	<u>4,403</u>	<u>-</u>
<u>Net Position</u>		
Unrestricted	396,507	395,269
Total Net Position	<u>\$ 396,507</u>	<u>\$ 395,269</u>

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2015

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Municipal Drainage Utility</u>	<u>Internal Service</u>
<u>Operating Revenues</u>		
Charges for services	\$ 343,893	\$ 820,814
Total Operating Revenues	<u>343,893</u>	<u>820,814</u>
<u>Operating Expenses</u>		
General and administrative	164,123	876,292
Supplies and materials	16,516	-
Contractual and professional services	61,351	-
Repairs and maintenance	49,560	-
Other operating expenses	11,334	-
Total Operating Expenses	<u>302,884</u>	<u>876,292</u>
Operating Income (Loss)	<u>41,009</u>	<u>(55,478)</u>
<u>Nonoperating Revenues</u>		
Investment earnings	-	11
Total Nonoperating Revenues	<u>-</u>	<u>11</u>
Income (Loss) Before Transfers	<u>41,009</u>	<u>(55,467)</u>
Transfers in	-	152,600
Transfers (out)	-	(10,876)
Total Net Transfers	<u>-</u>	<u>141,724</u>
Change in Net Position	<u>41,009</u>	<u>86,257</u>
Beginning net position	355,498	309,012
Ending Net Position	<u><u>\$ 396,507</u></u>	<u><u>\$ 395,269</u></u>

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2015

	<u>Business-Type Activities</u> <u>Municipal Drainage Utility</u>	<u>Governmental Activities</u> <u>Internal Service</u>
<u>Cash Flows from Operating Activities</u>		
Receipts from customers and users	\$ 390,733	\$ 820,814
Payments to suppliers	(138,355)	(876,292)
Payments to employees	(162,128)	-
Net Cash Provided (Used) by Operating Activities	<u>90,250</u>	<u>(55,478)</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers in from other funds	-	152,600
Transfer to other funds	-	(10,876)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>141,724</u>
<u>Cash Flows from Investing Activities</u>		
Interest on investments	-	11
Net Cash Provided by Investing Activities	<u>-</u>	<u>11</u>
Net Increase in Cash and Cash Equivalents	90,250	86,257
Beginning cash and cash equivalents	338,794	309,012
Ending Cash and Cash Equivalents	<u><u>\$ 429,044</u></u>	<u><u>\$ 395,269</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ 41,009	\$ (55,478)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(48,197)	-
Deferred outflows of resources	(4,142)	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	280	-
Due to other funds	126	-
Deferred inflows of resources	4,403	-
Unearned revenues	95,037	-
Net pension liability	(1,922)	-
Compensated absences	3,656	-
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 90,250</u></u>	<u><u>\$ (55,478)</u></u>

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF DICKINSON, TEXAS
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

September 30, 2015

	Dickinson Economic Development Corporation	Dickinson Management District No. 1	Dickinson Education Finance Corporation	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 896,807	\$ 454,763	\$ -	\$ 1,351,570
Investments	500,000	-	-	500,000
Due from primary government	141	-	-	141
Receivables, net	258,950	501,542	-	760,492
Prepaid items	9,104	-	-	9,104
	<u>1,665,002</u>	<u>956,305</u>	<u>-</u>	<u>2,621,307</u>
Capital assets:				
Non-depreciable	4,321,813	-	-	4,321,813
Net depreciable	26,285	-	-	26,285
	<u>4,348,098</u>	<u>-</u>	<u>-</u>	<u>4,348,098</u>
Total Assets	<u>6,013,100</u>	<u>956,305</u>	<u>-</u>	<u>6,969,405</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	10,300	332,043	-	342,343
Due to primary government	164	-	-	164
Due to other governments - current portion	26,027	-	-	26,027
Note payable - current portion	159,434	-	-	159,434
Total Current Liabilities	<u>195,925</u>	<u>332,043</u>	<u>-</u>	<u>527,968</u>
Noncurrent liabilities:				
Due to other governments	234,247	-	-	234,247
Note payable	1,408,151	-	-	1,408,151
Total Noncurrent Liabilities	<u>1,642,398</u>	<u>-</u>	<u>-</u>	<u>1,642,398</u>
Total Liabilities	<u>1,838,323</u>	<u>332,043</u>	<u>-</u>	<u>2,170,366</u>
<u>Net Position</u>				
Net investment in capital assets	1,567,585	-	-	1,567,585
Restricted	2,607,192	624,262	-	3,231,454
Total Net Position	<u>\$ 4,174,777</u>	<u>\$ 624,262</u>	<u>\$ -</u>	<u>\$ 4,799,039</u>

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position	
			Dickinson Economic Development Corporation	Dickinson Management District No. 1
Component Units				
Dickinson Economic Development Corporation	\$ 1,309,012	\$ 7,005	\$ (1,302,007)	\$ -
Dickinson Management District No. 1	2,622,013	-	-	(2,622,013)
Dickinson Education Finance Corporation	-	-	-	-
Total Component Units	<u>\$ 3,931,025</u>	<u>\$ 7,005</u>	<u>(1,302,007)</u>	<u>(2,622,013)</u>
General Revenues:				
Taxes				
Sales taxes			1,436,472	2,787,143
Investment earnings			2,070	394
Total General Revenues			<u>1,438,542</u>	<u>2,787,537</u>
Change in Net Position			<u>136,535</u>	<u>165,524</u>
Beginning net position			<u>4,038,242</u>	<u>458,738</u>
Ending Net Position			<u>\$ 4,174,777</u>	<u>\$ 624,262</u>

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position	
Dickinson Education Finance Corporation	Total
\$ -	\$ (1,302,007)
-	(2,622,013)
-	-
-	(3,924,020)
-	4,223,615
-	2,464
-	4,226,079
-	302,059
-	4,496,980
\$ -	\$ 4,799,039

(This page intentionally left blank.)

CITY OF DICKINSON, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Dickinson, Texas was incorporated by virtue of an election in August 1977. The Village of Dickinson, Texas became the City of Dickinson, Texas (the "City") in December 1982. The City operates under a Council – Mayor form of government. The Mayor and six Council Members are elected from the City at large serving three-year terms. The City Council is the principal legislative body of the City. The City Administrator, City Prosecutor, Municipal Court Judge, Police Chief, and City Secretary are appointed by City Council. The City Administrator is responsible for appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget. The Mayor presides at meetings of the City Council and can vote only in the case of a tie vote.

The City provides the following services: public safety, public works, culture and recreation, economic development, community development, drainage, and general government administration. Fire protection is provided through a volunteer department.

The City is an independent political subdivision of the State and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The component units, as listed below, although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is a legally separate entity, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Units

Dickinson Economic Development Corporation

Dickinson Economic Development Corporation (the "Corporation") is a not-for-profit corporation established for the specific purpose of economic development with the City through the use of dedicated sales tax revenues. The Board members of the Corporation are approved by City Council, as is the annual budget.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Dickinson Management District No. 1

Dickinson Management District No. 1 (the “District”) was created for the purposes of managing and financing improvement projects and/or services benefiting the District. These activities include maintenance and beautification of the area; development and/or expansion of transportation and commerce; promotion of health, safety, and welfare of the City; and general and administrative costs. The Board members of the District are appointed by City Council.

Dickinson Education Finance Corporation

The Dickinson Education Finance Corporation (DEFC) was organized exclusively for the purpose of financing or refinancing educational facilities. The members of the Board are appointed by the City Council.

Blended Component Unit

Bayou Lakes Public Improvement District No. 1

Bayou Lakes Public Improvement District No. 1 (the “PID No. 1”) has been included in the reporting entity as a blended component unit. The PID No. 1 was created to promote the interests of the City that has undertaken an improvement project that confers a special benefit on a definable part of the City. This improvement project includes landscaping; lighting and signs; and construction and improvement of water, wastewater, and drainage.

The City reimburses a developer for the costs of creating and operating the PID No. 1 from assessments collected from homeowners. The City charges the PID No. 1 a fee for administration and operating expenses and audit.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City’s enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City’s water and wastewater functions and various other functions of the City. Elimination of these

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component unit. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, culture and recreation, community development, and economic development. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is not considered a major fund for reporting purposes but the City has elected to present as a major fund due to its significance.

The *capital projects funds* are used to account for the expenditures of resources accumulated from the sale of bonds, other debt instruments, contributions, and auction proceeds, as well as related interest earnings for capital improvement projects. The capital projects funds are considered nonmajor funds for reporting purposes.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The street maintenance fund and CDBG disaster recovery fund are included as major funds. Nonmajor special revenue funds include special revenue and grants, VOCA, COPS 2010, Bayou Lakes PID No. 1, federal seized funds, library impact grant, child safety, court efficiency, court security, court technology, and state seized funds.

The City reports the following enterprise fund:

The *enterprise fund* is used to account for the operations that provide municipal drainage services. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The enterprise fund is considered a major fund for reporting purposes.

Additionally, the City reports the following fund type:

Internal service funds account for services provided to other departments of the City, or to other governments, on a cost reimbursement basis. The employee benefit fund is used to account for

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

insurance provided to City employees. The building maintenance fund is used to account for facility maintenance costs.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met,

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

The City maintains a pooled cash and investments account for all funds of the City. Each fund's positive equity in the pooled cash account is presented as cash and cash equivalents or investments. Interest income is allocated to each respective individual fund monthly based on their representative fund balances.

2. Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Obligations of the U.S. Treasury
- Fully collateralized certificates of deposit and money market accounts with local depository banks
- Local government investment pools
- Repurchase agreements

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

4. Capital Assets

Capital assets, which include property, plant, vehicle, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	40 years
Furniture and fixtures	3 to 20 years
Machinery and equipment	5 to 20 years
Vehicles	5 years
Streets and sidewalks	30 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized for the differences between the actuarial expectations and the actual economic experience related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable*

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and emergency medical services fees. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time. Vacation benefits are earned based on the employees' years of service with the City. Vacation and compensatory time amounts accumulated may be paid to employees upon termination of employment or at retirement up to a certain amount. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

8. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

11. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

12. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's and TESRS's fiduciary net position have been determined on the same basis as they are reported by TMRS and TESRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied on October 1 of each year, are due upon receipt of the City's tax bill, and become delinquent on February 1 of the following year. The City's tax lien exists from January 1 (the assessment date) each year until the taxes are paid.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a budget basis. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control, as defined by the charter, in the approved budget is the department level. The City Administrator may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year. Encumbrance accounting is not utilized.

B. Budget/GAAP Reconciliation

The City has elected to present the annual budget on a basis of accounting which differs from generally accepted accounting principles (GAAP basis) because of perspective differences. Perspective differences result from the City's intentional use of fund balance which appears as a revenue source when shown under budget basis. For budgeting purposes, the City prefers to show the draw downs on fund balance as a revenue source to reflect their intentional use. Therefore, the actual column presented in the budget to actual comparison has been adjusted to the City's budget basis of accounting to provide a meaningful comparison of actual results with the budget. Adjustments necessary to convert results of operations for the general fund for the year ended September 30, 2015 from budget basis to GAAP basis are presented in the notes to RSI.

C. Expenditures in Excess of Appropriations

General fund	
General government – information technology	\$ 21,154
Culture and recreation – library	\$ 4,776
Special revenues and grants fund	
Transfers out	\$254,982
Bayou Lakes Public Improvement District No. 1 fund	
General government	\$ 50,415

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of year end, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
External investment pools	\$ 1,212,045	0.00
Certificates of deposit	516,170	0.01
Total Fair Value	<u><u>\$ 1,728,215</u></u>	
Portfolio weighted average maturity		0.00

Interest rate risk. In accordance with the City investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Credit risk. The City's investment policy limits investments in money market mutual funds rated as to investment quality not less than "AAA" by at least one nationally recognized rating service. As of September 30, 2015, the City's investment in TexPool was rated "AAAm" by Standard & Poor's.

Concentration of credit risk. To guard against default possibilities and to assure diversification of bidders, business with any one issuer or investment broker should be limited to 40 percent of the total portfolio at any point in time.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2015, the bank balances were \$7,509,762, of which \$1,000,515 was insured by FDIC. The market values of pledged securities were \$7,172,301. The City had deposit accounts at one bank that was not fully covered by FDIC and collateral pledged.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool "AAAm." As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

B. Receivables

The following comprise receivable balances at year end:

	Governmental Funds					Total Governmental Funds
	General	Debt Service	Street Maintenance	CDBG Disaster Recovery	Other Governmental	
Property taxes	\$ 205,400	\$ 53,429	\$ -	\$ -	\$ -	\$ 258,829
Sales taxes	1,017,801	-	254,450	-	-	1,272,251
Accounts	1,599,881	-	-	-	-	1,599,881
Other	389,074	33	706	-	27,456	417,269
Grants	-	-	-	1,628,813	13,569	1,642,382
Less allowance	(1,541,144)	(2,671)	-	-	-	(1,543,815)
	<u>\$ 1,671,012</u>	<u>\$ 50,791</u>	<u>\$ 255,156</u>	<u>\$ 1,628,813</u>	<u>\$ 41,025</u>	<u>\$ 3,646,797</u>

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

	Proprietary Funds
	Municipal Drainage Utility
Accounts	\$ 149,023
Other	158
Less allowance	(68,705)
	<u>\$ 80,476</u>

	Component Units		
	Dickinson Economic Development Corporation	Dickinson Management District No. 1	Total Component Units
Accounts	\$ 4,500	\$ -	\$ 4,500
Sales taxes	254,450	501,542	755,992
	<u>\$ 258,950</u>	<u>\$ 501,542</u>	<u>\$ 760,492</u>

C. Capital Assets

A summary of changes in capital assets for governmental activities for the year end is as follows:

	*Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,597,940	\$ -	\$ -	\$ 1,597,940
Construction in progress	168,572	5,256,612	(502,122)	4,923,062
Total Capital Assets Not Being Depreciated	<u>1,766,512</u>	<u>5,256,612</u>	<u>(502,122)</u>	<u>6,521,002</u>
Other capital assets:				
Buildings and improvements	12,823,159	-	-	12,823,159
Vehicles and heavy equipment	2,718,804	209,100	(240,228)	2,687,676
Furniture and fixtures	1,420,461	88,592	-	1,509,053
Infrastructure	33,985,292	502,122	(111,416)	34,375,998
Total Other Capital Assets	<u>50,947,716</u>	<u>799,814</u>	<u>(351,644)</u>	<u>51,395,886</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,280,765)	(321,637)	-	(2,602,402)
Vehicles and heavy equipment	(1,714,101)	(242,943)	203,545	(1,753,499)
Furniture and fixtures	(715,498)	(89,451)	-	(804,949)
Infrastructure	(18,072,747)	(737,258)	97,548	(18,712,457)
Total Accumulated Depreciation	<u>(22,783,111)</u>	<u>(1,391,289)</u>	<u>301,093</u>	<u>(23,873,307)</u>
Other capital assets, net	28,164,605	(591,475)	(50,551)	27,522,579
Governmental Activities Capital Assets, Net	<u>\$ 29,931,117</u>	<u>\$ 4,665,137</u>	<u>\$ (552,673)</u>	<u>34,043,581</u>
			Less associated debt	(9,862,742)
			Net Investment in Capital Assets	<u>\$ 24,180,839</u>

* Beginning balances have been restated to include assets related to reclassification of EMS fund.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Depreciation was charged to governmental functions as follows:

General government	\$ 206,289
Public safety	247,534
Public works	926,054
Culture and recreation	4,320
Community development	7,092
Total Governmental Activities Depreciation Expense	<u>\$ 1,391,289</u>

The City has active governmental activities construction projects as of September 30, 2015. The projects include:

Project Description	Total in Progress	Remaining Commitment
CDBG Projects	\$ 4,177,355	\$ 4,536,186
Avenue L	332,787	36,976
Dakota	27,456	159,515
Greenbriar Street	-	75,119
Leonetti Lane	-	74,331
Oleander Drive	-	81,775
28th Street	-	167,567
33rd Street	-	222,094
48th Street (East)	-	68,376
35th Street (East of Kansas Avenue)	-	32,543
Nebraska Street	-	32,543
Hollywood Street	-	32,543
Gill Road	-	32,543
Johnson Street	-	32,543
Mariner's Way	-	32,543
Pine Oak Circle	-	32,543
	<u>\$ 4,537,598</u>	<u>\$ 5,649,740</u>

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The following is a summary of changes in capital assets for the Dickinson Economic Development Corporation (a discretely presented component unit) for the year ended September 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Component Unit:				
Capital assets not being depreciated:				
Land	\$ 4,597,984	\$ -	\$ (276,171)	\$ 4,321,813
Total Capital Assets Not Being Depreciated	<u>4,597,984</u>	<u>-</u>	<u>(276,171)</u>	<u>4,321,813</u>
Other capital assets:				
Furniture and fixtures	29,205	-	-	29,205
Total Other Capital Assets	<u>29,205</u>	<u>-</u>	<u>-</u>	<u>29,205</u>
Less accumulated depreciation for:				
Furniture and fixtures	-	(2,920)	-	(2,920)
Total Accumulated Depreciation	<u>-</u>	<u>(2,920)</u>	<u>-</u>	<u>(2,920)</u>
Other capital assets, net	29,205	(2,920)	-	26,285
Component Unit Capital Assets, Net	<u>\$ 4,627,189</u>	<u>\$ (2,920)</u>	<u>\$ (276,171)</u>	<u>4,348,098</u>
			Less associated debt	(1,567,585)
			Net Investment in Capital Assets	<u>\$ 2,780,513</u>

Depreciation was charged to the Dickinson Economic Development Corporation as follows:

Economic development corporation	\$ 2,920
Component Unit Depreciation Expense	<u>\$ 2,920</u>

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2015. In general, the City uses the general and debt service funds to liquidate long-term liabilities.

	<u>*Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 8,560,000	\$ -	\$ 110,000	\$ 8,450,000 ⁽¹⁾	\$ 585,000
Certificates of obligation	1,450,000	-	395,000	1,055,000 ⁽¹⁾	-
Discount/premium	165,227	-	12,287	152,940 ⁽¹⁾	12,287
Capital lease	241,724	-	36,922	204,802 ⁽¹⁾	38,207
Total Bonds Payable	<u>10,416,951</u>	<u>-</u>	<u>554,209</u>	<u>9,862,742</u>	<u>635,494</u>
Net pension liability (TMRS)	379,739	-	61,816	317,923	-
Net pension liability (TESRS)	113,203	-	33,292	79,911	-
Compensated absences	215,460	271,276	222,376	264,360	237,924
Total Governmental Activities	<u>\$ 11,125,353</u>	<u>\$ 271,276</u>	<u>\$ 871,693</u>	<u>\$ 10,524,936</u>	<u>\$ 873,418</u>
Long-Term Liabilities Due In More Than One Year				<u>\$ 9,651,518</u>	
				<u>(1) Debt associated with capital assets</u>	<u>\$ 9,862,742</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Net pension liability (TMRS)	\$ 11,803	\$ -	\$ 1,922	\$ 9,881	\$ -
Compensated absences	-	3,979	323	3,656	3,291
Total Business-Type Activities	<u>\$ 11,803</u>	<u>\$ 3,979</u>	<u>\$ 2,245</u>	<u>\$ 13,537</u>	<u>\$ 3,291</u>

* Beginning balances have been restated to include compensated absences related to reclassification of EMS fund and implementation of GASB 68.

The following is a summary of changes in the Dickinson Economic Development Corporation's (a discretely presented component unit) total long-term liabilities for the year ended September 30, 2015.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component Unit:					
Note payable	\$ 1,719,260	\$ -	\$ 151,675	\$ 1,567,585 ⁽²⁾	\$ 159,434
Total Component Unit	<u>\$ 1,719,260</u>	<u>\$ -</u>	<u>\$ 151,675</u>	<u>\$ 1,567,585</u>	<u>\$ 159,434</u>
Long-Term Liabilities Due In More Than One Year				<u>\$ 1,408,151</u>	
				<u>(2) Debt associated with capital assets</u>	<u>\$ 1,567,585</u>

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Long-term governmental and discretely presented component unit debt at year end was comprised of the following debt issues:

Description	Interest Rates (%)	Balance
<u>Governmental Activities</u>		
General obligation bonds:		
Series 2009 refunding	3.500-4.900	\$ 1,740,000
Series 2014 refunding	2.000-3.000	6,710,000
Total General Obligation		8,450,000
Certificates of obligation:		
Series 2009	3.500-4.900	1,055,000
Total Certificates of Obligation		1,055,000
Capital lease		
Dispatch console	3.480	204,802
Total Governmental Activities		\$ 9,709,802
<u>Dickinson Economic Development Corporation</u>		
Note payable:		
Note - Sussan property	5.000	\$ 1,567,585

The annual requirements to amortize governmental debt issues outstanding at year end are as follows:

Year Ending Sept. 30	General Obligation Bonds		Certificates of Obligation		Capital Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 585,000	\$ 231,495	\$ -	\$ 50,695	\$ 38,207	\$ 7,127	\$ 623,207	\$ 289,317
2017	595,000	217,895	-	50,695	39,537	5,798	634,537	274,388
2018	610,000	203,983	-	50,695	40,913	4,422	650,913	259,100
2019	625,000	189,520	-	50,695	42,336	2,998	667,336	243,213
2020	640,000	174,340	-	50,695	43,809	1,525	683,809	226,560
2021-2025	3,025,000	651,500	-	253,475	-	-	3,025,000	904,975
2026-2030	2,370,000	217,303	1,055,000	180,778	-	-	3,425,000	398,081
Total	\$ 8,450,000	\$ 1,886,036	\$ 1,055,000	\$ 687,728	\$ 204,802	\$ 21,870	\$ 9,709,802	\$ 2,595,634

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The annual requirements to amortize the Dickinson Economic Development Corporation's (a discretely presented component unit) debt issues outstanding at year end are as follows:

Year Ending Sept. 30	Note Payable	
	Principal	Interest
2016	\$ 159,434	\$ 74,758
2017	167,591	66,602
2018	176,165	58,027
2019	185,178	49,014
2020	194,652	39,540
2021-2024	684,565	57,046
	<u>\$ 1,567,585</u>	<u>\$ 344,987</u>

Certificates of obligation are direct obligations of the City for which its full faith and credit are pledged. Repayment is from taxes levied on all taxable property located within the City.

Dickinson Economic Development Corporation (the "Corporation") agreed to pay a portion of the series 2000 certificates of obligation (subsequently refunded with the Series 2009 refunding general obligation bonds). During the fiscal year ending September 30, 2015, \$62,705 was remitted by the Corporation to the debt service fund. The agreement extends through fiscal year 2021.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

E. Interfund Transactions

Transfers between the primary government funds during the year were as follows:

Transfer Out	Transfer In	Amount
Nonmajor governmental	General	\$ 15,000
Building maintenance	General	10,876
CDBG disaster recovery	General	11,065
General	Street maintenance	100,000
General	Nonmajor governmental	160,142
Nonmajor governmental	Nonmajor governmental	481,792
Nonmajor governmental	Building maintenance	152,600
		<u>\$ 931,475</u>

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Amounts transferred between funds related to amounts collected by the general, CDBG disaster recovery, building maintenance, and other nonmajor governmental funds for various governmental expenditures and debt payments.

Interfund receivables and payables between the primary government funds during the year were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 84,160
General	CDBG disaster recovery	19,462
Debt service	General	3,315
Street maintenance	General	131,352
Street maintenance	Drainage	126
Nonmajor governmental	General	2,398
		<u>\$ 240,813</u>

Amounts recorded as “due to/from” are considered to be temporary loans and will be repaid during the following year.

F. Fund Equity

As of September 30, 2015, \$256,914 of the City’s total fund balance is restricted by enabling legislation.

Change in Beginning Fund Balance/Net Position Restatement

The City implemented Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, the City has restated beginning net position to account for the net pension liability as of measurement date, December 31, 2013. In addition, the City has restated beginning net position to record a deferred outflow for contributions made to the pension plan between the initial measurement date and the end of the prior fiscal year, September 30, 2014.

The City restated beginning fund balance/net position to recognize the emergency medical services fund as part of the general fund. The City also restated beginning fund balance/net position to recognize a new general fund sub-fund.

Beginning net position was restated as follows:

	<u>General</u>	<u>Governmental Activities</u>	<u>Emergency Medical Services</u>	<u>Municipal Drainage Utility</u>	<u>Business-Type Activities</u>
Prior year ending net position/fund balance as reported	\$ 4,163,227	\$ 26,649,801	\$ (24,702)	\$ 359,643	\$ 334,941
Restatement - deferred outflows (TMRS)	-	246,386	-	7,658	7,658
Restatement - net pension liability (TMRS)	-	(379,739)	-	(11,803)	(11,803)
Restatement - deferred outflows (TESRS)	-	20,020	-	-	-
Restatement - net pension liability (TESRS)	-	(113,203)	-	-	-
Restatement - recognition of general fund sub-fund	45,168	45,168	-	-	-
Restatement - reclassification of EMS fund	(139,965)	(24,702)	24,702	-	24,702
Restated beginning net position	<u>\$ 4,068,430</u>	<u>\$ 26,443,731</u>	<u>\$ -</u>	<u>\$ 355,498</u>	<u>\$ 355,498</u>

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Deficit Fund Balance

As of September 30, 2015, the Bayou Lakes Public Improvement District No. 1 fund had a deficit fund balance in the amount of \$3,667.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pool (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in several lawsuits. Although the outcome of the lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>2015</u>	<u>2014</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service requirement eligibility (expressed as age/hrs of service)	60/10, 0/20	60/10, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	0% of CPI Repeating	0% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to, but not yet receiving benefits	69
Active employees	89
Total	<u><u>181</u></u>

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.41 percent and 8.60 percent in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2015 were \$370,625 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is seven percent. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the TPL was seven percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 576,584	\$ -	\$ 576,584
Interest	868,810	-	868,810
Difference between expected and actual experience	(188,764)	-	(188,764)
Changes of assumptions	-	-	-
Contributions - employer	-	354,513	(354,513)
Contributions - employee	-	295,076	(295,076)
Net investment income	-	678,443	(678,443)
Benefit payments, including refunds of employee contributions	(252,404)	(252,404)	-
Administrative expense	-	(7,082)	7,082
Other changes	-	(582)	582
Net Changes	1,004,226	1,067,964	(63,738)
Balance at December 31, 2013	12,249,479	11,857,937	391,542
Balance at December 31, 2014	\$ 13,253,705	\$ 12,925,901	\$ 327,804

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of seven percent, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's Net Pension Liability	\$ 2,250,995	\$ 327,804	\$ (1,255,459)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$315,564.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 146,079
Difference between projected and actual investment earnings	121,290	-
Contributions subsequent to the measurement date	270,156	-
Total	\$ 391,446	\$ 146,079

\$270,156 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Pension Expense Amount
2016	\$ (12,362)
2017	(12,362)
2018	(12,362)
2019	12,297
Total	\$ (24,789)

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System (TESRS) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2014, there were 198 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2014, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,073
Terminated members entitled to benefits but not yet receiving them	2,161
Active participants (vested and nonvested)	4,036

Pension Plan Fiduciary Net Position

Detailed information about the TESRS's fiduciary net position is available in a separately-issued comprehensive annual financial report that includes financial statements and Required Supplementary Information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations which may be of interest are also available at the same link.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by Board rule. The benefit provisions include retirement benefits, as well as death and disability benefits. Members are 50 percent vested after the tenth year of service, with the vesting percent increasing ten percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2 percent compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of TESRS, nor are they allowed. The governing

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the TESRS contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make TESRS “actuarially sound” each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2014, the Part Two contribution rate was zero percent, since the first actuarial valuation report after adoption of the rules showed TESRS to have an adequate contribution arrangement without any Part Two contributions.

Additional contributions may be made by governing bodies within two years of joining TESRS, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in TESRS.

A small subset of participating departments has a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into TESRS. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by TESRS.

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, total contributions (dues, prior service, and interest on prior service financing) of \$20,020 were paid by the City. The State appropriated \$1,530,343 for the fiscal year ending August 31, 2014 to the plan as a whole.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2014
Actuarial Cost Method	Entry age
Amortization Method	Level dollar, open
Amortization Period	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Actuarial Assumptions:	
Investment Rate of Return*	7.75%
Projected Salary Increases	N/A
*Includes Inflation at	3.50%
Cost of Living Adjustments	None

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.50 percent). In addition, the final 7.75 percent assumption reflected a reduction of 0.20 percent for adverse deviation.

The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	32%	5.2%
Small cap domestic	10	5.8
Developed international	21	5.5
Emerging markets	6	5.4
Master limited partnership	5	7.1
Fixed income		
Domestic	21	1.4
International	5	1.6
Cash	0	0.0
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. No projection of cash flows was used to determine the discount rate because the August 31, 2014 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. That

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

UAAL was based on an actuarial value of assets that was \$7.9 million less than the plan fiduciary net position as of August 31, 2014. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	\$ 164,671	\$ 79,911	\$ 30,457

Pension Liabilities, Pension Expense, and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

At August 31, 2014, the City reported a liability of \$79,911 for its proportionate share of TESRS's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the collective net pension liability	\$ 79,911
State's proportionate share that is associated with the City*	26,862
Total	<u>\$106,773</u>

**Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective net pension liability.*

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward the net pension liability nor did they provide the necessary information for the participants to roll forward themselves. While the City acknowledges that the measurement date does not fall within this 12-month period, the City elected to honor the conservatism principle and report a net pension liability measured as of August 31, 2014. The City used the assumption that any differences in the net pension liability measured as of August 31, 2014 versus September 30, 2014 would be immaterial. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

At August 31, 2014, the employer's proportion of the collective net pension liability was 2.115 percent. TESRS did not provide prior year proportions measured as of August 31, 2013. The City is

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

using the assumption that the change in proportion would have been immaterial and, therefore, disregarded it this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2014, the City recognized pension expense of \$11,942. The City recognized on-behalf revenues of \$6,730 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At August 31, 2014, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ -	\$ 20,138
Contributions paid to TESRS subsequent to the measurement date	19,580	-
Total	\$ 19,580	\$ 20,138

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Pension Expense
2016	\$ (5,035)
2017	(5,035)
2018	(5,035)
2019	(5,033)
Total	\$ (20,138)

D. Other Post Employment Benefits

TMRS Supplemental Death Benefit Fund

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2015, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to ensure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the fiscal years ending 2015, 2014, and 2013 were \$748, \$416, and \$437, respectively which equaled the required contributions each year. The City's contribution rates for the past three years are shown below:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual Req. Contrib. (Rate)	0.01%	0.01%	0.02%
Actual Contribution Made	0.01%	0.01%	0.02%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

E. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with the Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional. The Plan's trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use other than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal laws. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. In accordance with generally accepted government accounting standards, the assets of the Plan have not been included in the City's financial statements.

F. Dickinson Education Finance Corporation Conduit Debt

The Dickinson Education Finance Corporation (DEFC) issues bonds to finance or refinance educational facilities. The borrower receives a more favorable interest rate and the DEFC receives a fee for issuing these bonds. These bonds are limited obligations of the DEFC since they are payable solely from revenues received from the borrower pursuant to a loan agreement by and between the DEFC and the borrower. The debt is further secured by a deed of trust on certain real property of the borrower securing payment under such loan agreements. Therefore, the DEFC has no responsibility for the payment of this debt. The loan agreements and bonds payable have not been recorded in the financial statements of the City. As of September 30, 2015, the total amount of outstanding conduit debt is \$13,821,682.

G. Chapter 380 Economic Development Agreements

Chapter 380, *Miscellaneous Provisions Relating to Municipal Planning and Development*, of the Texas Local Government Code provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs, including programs to

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

promote state or local economic development and to stimulate business and commercial activity in the municipality. The City has entered into Chapter 380 Economic Development Agreements (the "Agreements") with five large businesses (the "Businesses"). Each Business agreed to establish and maintain an office in the City that generates substantial taxable sales. Each Agreement is for a term of ten years, and will be automatically extended for two additional ten-year periods. The City will remit back to the Businesses 60 percent of sales tax revenues for the first three to five years, at which point the percentage increases to 66.66 percent through the remainder of the Agreements, including the two additional ten-year terms. Each Business is subject to a minimum annual taxable sales amount ranging from \$5 million to \$15 million. Should any Business fail to meet that threshold, the City has the option to terminate the Agreement.

The City has entered into Chapter 380 Economic Development Agreement (the "Agreement") with another business (the "Business"). The Business agreed to establish and maintain an office in the City that generates substantial taxable sales. The Agreement is for a term of ten years, and will be automatically extended for two additional ten-year periods. If the taxable sales threshold is met, the City will remit back to the Business 50 percent of sales tax revenues collected for that month.

The City entered into a Chapter 380 Economic Development Agreement (the "Agreement") with another business (the "Business"). The Agreement is for a ten-year term. This Business agreed to expend no less than \$8,000,000 on the construction of a new 85,000 gross square-foot building. This Business has also agreed to comply with the employment requirements for entire term of the agreement. The City will remit back to the Business 50 percent of the real and Business personal property tax increment. This Business agreed to generate substantial taxable sales. If the taxable sales threshold is met, the City agreed to remit 50 percent of the sales tax revenues collected for that month.

During the current fiscal year, the City made payments of \$3,242,999 related to the Agreements noted above.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (BUDGET BASIS) (Page 1 of 2)
For the Year Ended September 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
<u>Revenues</u>				
Property taxes	\$ 2,715,303	\$ 2,717,565	\$ 2,731,073	\$ 13,508
Sales taxes	7,618,074	8,512,537	5,715,422	(2,797,115)
Franchise fees	915,073	928,400	984,180	55,780
Other taxes	66,900	66,387	87,518	21,131
Licenses and permits	286,210	319,855	352,682	32,827
Fines and forfeitures	784,400	862,000	908,925	46,925
Charges for services	1,463,579	1,060,919	1,118,010	57,091
Intergovernmental	487,358	963,608	963,610	2
Investment income	9,500	4,000	6,030	2,030
Other revenues	310,466	317,907	320,286	2,379
Total Revenues	14,656,863	15,753,178	13,187,736	(2,565,442)
<u>Use of Fund Balance</u>				
Tree replacement reserve	-	5,300	5,300	-
Library reserve	35,763	2,451	2,451	-
Use of fund balance	30,000	-	-	-
Total Use of Fund Balance	65,763	7,751	7,751	-
<u>Expenditures</u>				
General government:				
General government	1,755,463	1,354,604	1,321,823	32,781
Finance	197,617	213,152	208,289	4,863
Information technology	281,709	360,009	381,163	(21,154) *
Public safety:				
Municipal court	281,000	281,413	278,724	2,689
Law enforcement	3,543,917	3,497,724	3,349,426	148,298
Fire marshal	195,670	197,916	185,410	12,506
Emergency management	82,181	84,832	84,355	477
Emergency medical services	745,615	865,197	852,091	13,106
Public works	605,317	670,927	637,720	33,207
Culture and recreation:				
Library	362,930	367,927	372,703	(4,776) *
Tourism and museum	87,458	89,084	89,064	20
Red, White, and Bayou	111,754	153,983	153,982	1
Community development	434,048	437,277	409,776	27,501
Economic development	5,847,098	6,295,732	3,459,403	2,836,329
Total Expenditures	14,531,777	14,869,777	11,783,929	3,085,848
Excess of Revenues Over Expenditures	190,849	891,152	1,411,558	520,406

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (BUDGET BASIS) (Page 2 of 2)
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	
<u>Other Financing</u>				
<u>Sources (Uses)</u>				
Transfers in	\$ 27,500	\$ 28,100	\$ 36,941	\$ 8,841
Transfers out	<u>(116,702)</u>	<u>(263,140)</u>	<u>(260,142)</u>	<u>2,998</u>
Total Other Financing (Uses)	<u>(89,202)</u>	<u>(235,040)</u>	<u>(223,201)</u>	<u>11,839</u>
Net Change in Fund Balance	<u>\$ 101,647</u>	<u>\$ 656,112</u>	1,188,357	<u>\$ 532,245</u>

Notes to Required Supplementary Information:

1. Reconciliation of Net Change in Fund Balance (GAAP Basis)

Perspective differences:

Tree replacement reserve

(5,300)

Library reserve

(2,451)

Net Change in Fund Balance (GAAP Basis)

\$ 1,180,606

2. * Expenditures exceeded appropriations at the legal level of control.

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STREET MAINTENANCE FUND
For the Year Ended September 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
<u>Revenues</u>				
Sales taxes	\$ 1,269,638	\$ 1,418,727	\$ 1,428,810	\$ 10,083
Investment earnings	500	1,000	2,229	1,229
Total Revenues	1,270,138	1,419,727	1,431,039	11,312
<u>Use of Fund Balance</u>				
Use of beginning fund balance	16,439	16,439	-	(16,439)
Total Use of Fund Balance	16,439	16,439	-	(16,439)
<u>Expenditures</u>				
Current:				
Public works	1,286,577	1,176,720	1,106,947	69,773
Total Expenditures	1,286,577	1,176,720	1,106,947	69,773
Excess of Revenues Over Expenditures	-	259,446	324,092	64,646
<u>Other Financing Sources</u>				
Transfers in	-	100,000	100,000	-
Total Other Financing Sources	-	100,000	100,000	-
Net Change in Fund Balance	\$ -	\$ 359,446	424,092	\$ 64,646
Beginning fund balance			1,676,329	
Ending Fund Balance			\$ 2,100,421	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF DICKINSON, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2015

	Measurement Year <u>2014*</u>
Total Pension Liability	
Service cost	\$ 576,584
Interest (on the total pension liability)	868,810
Difference between expected and actual experience	(188,764)
Benefit payments, including refunds of employee contributions	(252,404)
Net Change in Total Pension Liability	<u>1,004,226</u>
Beginning total pension liability	<u>12,249,479</u>
Ending Total Pension Liability	<u><u>\$ 13,253,705</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 354,513
Contributions - employee	295,076
Net investment income	678,443
Benefit payments, including refunds of employee contributions	(252,404)
Administrative expense	(7,082)
Other	(582)
Net Change in Plan Fiduciary Net Position	<u>1,067,964</u>
Beginning plan fiduciary net position	<u>11,857,937</u>
Ending Plan Fiduciary Net Position	<u><u>\$ 12,925,901</u></u>
Net Pension Liability	<u><u>\$ 327,804</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.53%
Covered Employee Payroll	\$ 4,215,375
Net Pension Liability as a Percentage of Covered Employee Payroll	7.78%

*Only one year of information is currently available.
The City will build this schedule over the next nine-year period.

CITY OF DICKINSON, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2015

	<u>Measurement Year 2014*</u>
City's proportion of the net pension liability	0.440%
City's proportionate share of the net pension liability	\$ 79,911
State's proportionate share of the net pension liability	26,862
Total	<u><u>\$ 106,773</u></u>
Number of Active Members**	38
City's Net Pension Liability per Active Member	\$ 2,103
Plan fiduciary net position as a percentage of the total pension liability	83.5%

*Only one year of information is currently available. The City will build this schedule over the next nine-year period.

**There is no compensation for active members. Number of active members is used instead.

Notes to Required Supplementary Information:

Defined Benefit Pension Plan

Changes in benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

CITY OF DICKINSON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2015

	Fiscal Year	
	2015*	2014
Actuarially determined contribution	\$ 370,625	\$ 346,983
Contributions in relation to the actuarially determined contribution	370,625	346,983
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 4,335,988	\$ 4,156,912
Contributions as a percentage of covered employee payroll	8.55%	8.35%

*Only two years of information are currently available. The City will build this schedule over the next eight-year period.

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	3.0%
Salary increases	3.50% to 12.0% including inflation
Investment rate of return	7.0%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

CITY OF DICKINSON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2015

	Fiscal Year	
	2015*	2014
Contractually required contribution	\$ 19,580	\$ 20,020
Contributions in relation to the contractually required contribution	19,580	20,020
Contribution deficiency (excess)	\$ -	\$ -
Number of Active members**	37	38
Contributions per active member	\$ 529	\$ 527

*Only two years of information is currently available. The City will build this schedule over the next eight year period.

**There is no compensation for active members. Number of active members is used instead.

(This page intentionally left blank.)

***COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES***

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
Revenues				
Property taxes	\$ 650,150	\$ 649,646	\$ 652,926	\$ 3,280
Contributions	149,670	149,670	149,670	-
Investment earnings	100	92	159	67
Total Revenues	799,920	799,408	802,755	3,347
Use of Fund Balance				
Use of beginning fund balance	22,805	22,805	-	(22,805)
Total Use of Fund Balance	22,805	22,805	-	(22,805)
Expenditures				
Current:				
Principal	474,070	505,000	505,000	-
Interest and fiscal charges	348,655	317,213	314,371	2,842
Total Expenditures	822,725	822,213	819,371	2,842
Net Change in Fund Balance	\$ -	\$ -	(16,616)	\$ (16,616)
Beginning fund balance			20,174	
Ending Fund Balance			\$ 3,558	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

CITY OF DICKINSON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2015

Special Revenue Funds				
	Special Revenue and Grants	VOCA	COPS 2010	Bayou Lakes Public Improvement District No. 1
<u>Assets</u>				
Cash	\$ 51,612	\$ -	\$ 4,600	\$ 159,490
Receivables, net	-	13,569	-	4,000
Due from other funds	-	-	-	2,362
Total Assets	\$ 51,612	\$ 13,569	\$ 4,600	\$ 165,852
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 278	\$ 2,313	\$ 4,600	\$ 105,293
Due to other funds	-	11,256	-	64,226
Total Liabilities	278	13,569	4,600	169,519
<u>Fund Balances</u>				
Restricted for:				
Capital projects	-	-	-	-
Enabling legislation	51,334	-	-	-
Unassigned	-	-	-	(3,667)
Total Fund Balances	51,334	-	-	(3,667)
Total Liabilities and Fund Balances	\$ 51,612	\$ 13,569	\$ 4,600	\$ 165,852

Special Revenue Funds

Federal Seized Funds	Library Impact Grant	Child Safety	Court Efficiency	Court Security	Court Technology
\$ 115,939	\$ 598	\$ 10,627	\$ 20,493	\$ 56,275	\$ 6,956
29	1,080	-	-	-	-
36	-	-	-	-	-
<u>\$ 116,004</u>	<u>\$ 1,678</u>	<u>\$ 10,627</u>	<u>\$ 20,493</u>	<u>\$ 56,275</u>	<u>\$ 6,956</u>
\$ -	\$ -	\$ 1,213	\$ -	\$ -	\$ 125
7,000	1,678	-	-	-	-
<u>7,000</u>	<u>1,678</u>	<u>1,213</u>	<u>-</u>	<u>-</u>	<u>125</u>
-	-	-	-	-	-
109,004	-	9,414	20,493	56,275	6,831
-	-	-	-	-	-
<u>109,004</u>	<u>-</u>	<u>9,414</u>	<u>20,493</u>	<u>56,275</u>	<u>6,831</u>
<u>\$ 116,004</u>	<u>\$ 1,678</u>	<u>\$ 10,627</u>	<u>\$ 20,493</u>	<u>\$ 56,275</u>	<u>\$ 6,956</u>

(This page intentionally left blank.)

CITY OF DICKINSON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2015

	Special Revenue Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	State Seized Funds	Vehicle Acquisition	Capital Projects	
<u>Assets</u>				
Cash	\$ 13,028	\$ 575,598	\$ -	\$ 1,015,216
Receivables, net	-	22,347	-	41,025
Due from other funds	-	-	-	2,398
Total Assets	\$ 13,028	\$ 597,945	\$ -	\$ 1,058,639
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 9,465	\$ -	\$ -	\$ 123,287
Due to other funds	-	-	-	84,160
Total Liabilities	9,465	-	-	207,447
<u>Fund Balances</u>				
Restricted for:				
Capital projects	-	597,945	-	597,945
Enabling legislation	3,563	-	-	256,914
Unassigned	-	-	-	(3,667)
Total Fund Balances	3,563	597,945	-	851,192
Total Liabilities and Fund Balances	\$ 13,028	\$ 597,945	\$ -	\$ 1,058,639

CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2015

		Special Revenue Funds			Bayou Lakes Public Improvement District No. 1
		Special Revenue and Grants	VOCA	COPS 2010	
Revenues					
Special assessments	\$	-	\$ -	\$ -	\$ 271,717
Fines and forfeitures		-	-	-	-
Intergovernmental		2,616	43,350	-	-
Investment earnings		-	-	-	373
Total Revenues		<u>2,616</u>	<u>43,350</u>	<u>-</u>	<u>272,090</u>
Expenditures					
General government		-	-	-	261,630
Public safety		321	54,442	108,452	-
Capital outlay		-	-	-	-
Debt service:					
Principal		-	-	-	-
Interest and fiscal charges		-	-	-	-
Total Expenditures		<u>321</u>	<u>54,442</u>	<u>108,452</u>	<u>261,630</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>2,295</u>	<u>(11,092)</u>	<u>(108,452)</u>	<u>10,460</u>
Other Financing Sources (Uses)					
Transfers in		-	11,092	108,452	-
Transfers out		(254,982)	-	-	(15,000)
Sale of capital assets		-	-	-	-
Total Other Financing Sources (Uses)		<u>(254,982)</u>	<u>11,092</u>	<u>108,452</u>	<u>(15,000)</u>
Net Change in Fund Balances		<u>(252,687)</u>	<u>-</u>	<u>-</u>	<u>(4,540)</u>
Beginning fund balances		304,021	-	-	873
Ending Fund Balances	\$	<u>51,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,667)</u>

Special Revenue Funds

Federal Seized Funds	Library Impact Grant	Child Safety	Court Efficiency	Court Security	Court Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,779	3,149	15,851	21,123
37,367	13,656	-	-	-	-
-	-	-	-	-	-
<u>37,367</u>	<u>13,656</u>	<u>3,779</u>	<u>3,149</u>	<u>15,851</u>	<u>21,123</u>
-	14,254	-	-	-	-
86,638	-	8,658	2,847	2,291	14,292
-	-	-	-	-	-
-	-	-	-	-	-
<u>86,638</u>	<u>14,254</u>	<u>8,658</u>	<u>2,847</u>	<u>2,291</u>	<u>14,292</u>
(49,271)	(598)	(4,879)	302	13,560	6,831
158,275	598	14,293	20,191	42,715	-
-	-	-	-	-	-
<u>158,275</u>	<u>598</u>	<u>14,293</u>	<u>20,191</u>	<u>42,715</u>	<u>-</u>
109,004	-	9,414	20,493	56,275	6,831
-	-	-	-	-	-
<u>\$ 109,004</u>	<u>\$ -</u>	<u>\$ 9,414</u>	<u>\$ 20,493</u>	<u>\$ 56,275</u>	<u>\$ 6,831</u>

(This page intentionally left blank.)

CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2015

	Special Revenue Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	State Seized Funds	Vehicle Acquisition	Capital Projects	
Revenues				
Special assessments	\$ -	\$ -	\$ -	\$ 271,717
Fines and forfeitures	-	-	-	43,902
Intergovernmental	12	278,000	-	375,001
Investment earnings	-	-	160	533
Total Revenues	<u>12</u>	<u>278,000</u>	<u>160</u>	<u>691,153</u>
Expenditures				
General government	-	-	-	275,884
Public safety	15,956	-	-	293,897
Capital outlay	-	242,861	-	242,861
Debt service:				
Principal	-	36,922	-	36,922
Interest and fiscal charges	-	8,412	-	8,412
Total Expenditures	<u>15,956</u>	<u>288,195</u>	<u>-</u>	<u>857,976</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,944)</u>	<u>(10,195)</u>	<u>160</u>	<u>(166,823)</u>
Other Financing Sources (Uses)				
Transfers in	19,507	266,811	-	641,934
Transfers out	-	-	(379,410)	(649,392)
Sale of capital assets	-	85,511	-	85,511
Total Other Financing Sources (Uses)	<u>19,507</u>	<u>352,322</u>	<u>(379,410)</u>	<u>78,053</u>
Net Change in Fund Balances	<u>3,563</u>	<u>342,127</u>	<u>(379,250)</u>	<u>(88,770)</u>
Beginning fund balances	-	255,818	379,250	939,962
Ending Fund Balances	<u>\$ 3,563</u>	<u>\$ 597,945</u>	<u>\$ -</u>	<u>\$ 851,192</u>

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 1 of 4)
For the Year Ended September 30, 2015

Special Revenue and Grants				
	Budgeted Amounts			Variance with Final Budget Positive Negative
	Original Budget	Budget as Amended	Actual	
Revenues				
Fines and forfeitures	\$ 40,362	\$ 40,362	\$ -	\$ (40,362)
Intergovernmental	-	-	2,616	2,616
Total Revenues	40,362	40,362	2,616	37,746
Use of Fund Balance				
Use of beginning fund balance	9,993	9,993	-	(9,993)
Total Use of Fund Balance	9,993	9,993	-	(9,993)
Expenditures				
Current:				
Public safety	48,899	45,698	321	45,377
Total Expenditures	48,899	45,698	321	45,377
Excess of Revenues Over Expenditures				
	1,456	4,657	2,295	(2,362)
Other Financing (Uses)				
Transfers (out)	-	-	(254,982)	(254,982) *
Total Other Financing (Uses)	-	-	(254,982)	(254,982)
Net Change in Fund Balance	\$ 1,456	\$ 4,657	(252,687)	\$ (257,344)
Beginning fund balance			304,021	
Ending Fund Balance			\$ 51,334	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 2 of 4)

For the Year Ended September 30, 2015

VOCA				
<div>Budgeted Amounts</div>				Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
Revenues				
Intergovernmental	\$ 44,008	\$ 44,008	\$ 43,350	\$ (658)
Total Revenues	44,008	44,008	43,350	(658)
Expenditures				
Current:				
Public safety	58,677	57,137	54,442	2,695
Total Expenditures	58,677	57,137	54,442	2,695
(Deficiency) of Revenues				
(Under) Expenditures	(14,669)	(13,129)	(11,092)	2,037
Other Financing Sources				
Transfers in	14,669	14,669	11,092	(3,577)
Total Other Financing Sources	14,669	14,669	11,092	(3,577)
Net Change in Fund Balance	\$ -	\$ 1,540	-	\$ (1,540)
Beginning fund balance			-	
Ending Fund Balance			\$ -	

	COPS 2010			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original Budget	Budget as Amended		
Expenditures				
Current:				
Public safety	102,033	108,471	108,452	19
Total Expenditures	102,033	108,471	108,452	19
(Deficiency) of Revenues				
(Under) Expenditures	(102,033)	(108,471)	(108,452)	19
Other Financing Sources				
Transfers in	102,033	108,471	108,452	(19)
Total Other Financing Sources	102,033	108,471	108,452	(19)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Beginning fund balance			-	
	Ending Fund Balance		\$ -	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 3 of 4)

For the Year Ended September 30, 2015

Bayou Lakes Public Improvement District No. 1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Special assessments	\$ 226,120	\$ 226,120	\$ 271,717	\$ 45,597
Investment earnings	95	95	373	278
Total Revenues	<u>226,215</u>	<u>226,215</u>	<u>272,090</u>	<u>45,875</u>
Expenditures				
Current:				
General government	211,215	211,215	261,630	(50,415) *
Total Expenditures	<u>211,215</u>	<u>211,215</u>	<u>261,630</u>	<u>(50,415)</u>
Excess of Revenues Over Expenditures	<u>15,000</u>	<u>15,000</u>	<u>10,460</u>	<u>(4,540)</u>
Other Financing (Uses)				
Transfers out	(15,000)	(15,000)	(15,000)	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(4,540)</u>	<u>\$ (4,540)</u>
Beginning fund balance			873	
Ending Fund Balance			<u>\$ (3,667)</u>	

Federal Seized Funds

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Intergovernmental	\$ 31,700	\$ 34,733	\$ 37,367	\$ 2,634
Total Revenues	<u>31,700</u>	<u>34,733</u>	<u>37,367</u>	<u>2,634</u>
Use of Fund Balance				
Use of beginning fund balance	-	80,122	-	(80,122)
Total Use of Fund Balance	<u>-</u>	<u>80,122</u>	<u>-</u>	<u>(80,122)</u>
Expenditures				
Current:				
Public safety	31,700	114,855	86,638	28,217
Total Expenditures	<u>31,700</u>	<u>114,855</u>	<u>86,638</u>	<u>28,217</u>
(Deficiency) of Revenues (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(49,271)</u>	<u>(49,271)</u>
Other Financing Sources				
Transfers in	-	-	158,275	158,275
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>109,004</u>	<u>\$ 109,004</u>
Beginning fund balance			-	
Ending Fund Balance			<u>\$ 109,004</u>	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 4 of 4)
For the Year Ended September 30, 2015

Library Impact Grant				
	Budgeted Amounts			Variance with Final Budget Positive Negative
	Original Budget	Budget as Amended	Actual	
Revenues				
Intergovernmental	\$ 14,910	\$ 14,910	\$ 13,656	\$ (1,254)
Total Revenues	14,910	14,910	13,656	(1,254)
Expenditures				
Current:				
General government	14,910	14,910	14,254	656
Total Expenditures	14,910	14,910	14,254	656
(Deficiency) of Revenues				
(Under) Expenditures	-	-	(598)	(598)
Other Financing Sources				
Transfers in	-	-	598	598
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Beginning fund balance			-	
Ending Fund Balance			\$ -	

(This page intentionally left blank.)

CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2015

	<u>Employee Benefit</u>	<u>Building Maintenance</u>	<u>Total Funds</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 2,145	\$ 393,124	\$ 395,269
Total Current Assets	<u>2,145</u>	<u>393,124</u>	<u>395,269</u>
<u>Net Position</u>			
Unrestricted	2,145	393,124	395,269
Total Net Position	<u>\$ 2,145</u>	<u>\$ 393,124</u>	<u>\$ 395,269</u>

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2015

	<u>Employee Benefit</u>	<u>Building Maintenance</u>	<u>Total Funds</u>
<u>Operating Revenues</u>			
Charges for services	\$ 815,111	\$ 5,703	\$ 820,814
Total Operating Revenues	<u>815,111</u>	<u>5,703</u>	<u>820,814</u>
<u>Operating Expenses</u>			
General and administrative	812,989	63,303	876,292
Total Operating Expenses	<u>812,989</u>	<u>63,303</u>	<u>876,292</u>
Operating Income (Loss)	<u>2,122</u>	<u>(57,600)</u>	<u>(55,478)</u>
<u>Nonoperating Revenues</u>			
Investment earnings	11	-	11
Total Nonoperating Revenues	<u>11</u>	<u>-</u>	<u>11</u>
Income (Loss) Before Transfers	<u>2,133</u>	<u>(57,600)</u>	<u>(55,467)</u>
Transfers in		152,600	152,600
Transfers out	-	(10,876)	(10,876)
	<u>-</u>	<u>141,724</u>	<u>141,724</u>
Change in Net Position	2,133	84,124	86,257
Beginning net position	<u>12</u>	<u>309,000</u>	<u>309,012</u>
Ending Net Position	<u><u>\$ 2,145</u></u>	<u><u>\$ 393,124</u></u>	<u><u>\$ 395,269</u></u>

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2015

	Employee Benefit	Building Maintenance	Total Funds
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 815,111	\$ 5,703	\$ 820,814
Payments to suppliers	(812,989)	(63,303)	(876,292)
Net Cash Provided (Used) by Operating Activities	<u>2,122</u>	<u>(57,600)</u>	<u>(55,478)</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers in from other funds	-	152,600	152,600
Transfers out to other funds	-	(10,876)	(10,876)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>141,724</u>	<u>141,724</u>
<u>Cash Flows from Investing Activities</u>			
Interest on investments	11	-	11
Net Cash Provided by Investing Activities	<u>11</u>	<u>-</u>	<u>11</u>
Net Increase in Cash and Cash Equivalents	2,133	84,124	86,257
Beginning cash and cash equivalents	<u>12</u>	<u>309,000</u>	<u>309,012</u>
Ending Cash and Cash Equivalents	<u><u>\$ 2,145</u></u>	<u><u>\$ 393,124</u></u>	<u><u>\$ 395,269</u></u>

(This page intentionally left blank.)